

**IN THE MATTER** of the Resource Management Act 1991 (“RMA” or “the Act”)

**AND**

**IN THE MATTER** of a submission by **AMBURY PROPERTIES LIMITED** in respect of the **PROPOSED WAIKATO DISTRICT PLAN** pursuant to Clause 6 of Schedule 1 of the Act seeking the rezoning of land at Ohinewai

**SUMMARY STATEMENT OF TIM HEATH IN RESPECT OF ECONOMIC ISSUES  
IN PREPARATION FOR EXPERT CONFERENCING**

**1. INTRODUCTION**

1.1 My name is Tim Heath. I am a property consultant, retail analyst and proprietor of Property Economics Limited. I have, alongside Phil Osborne from my firm, been advising Ambury Properties Limited (“APL”) in relation to economic issues relevant to its submission seeking the rezoning of land at Ohinewai.

1.2 Phil and I have both prepared economic assessments in relation to the Ohinewai proposal. My analysis focusses on the spatial effects of the proposed rezoning whereas Phil’s focus has been on the economic impact that the Proposal will have on other towns in the area, particularly Huntly, Te Kauwhata and Hamilton.

1.3 I will be presenting expert evidence at the hearing of the Ohinewai submissions. That evidence is due in July 2020. In the meantime, this statement has been prepared in preparation for expert conferencing in relation to economic issues that has been scheduled for 15 (Business zone) and 16 (Residential zone) June 2020, in compliance with the direction from the Hearing Panel that APL is to provide a summary of our position on the topics that are to be the subject of expert conferencing.

**Key relevant planning matters**

1.4 The key planning matters relevant to this statement relate to whether any potential adverse economic effects of the implementation of the Ohinewai Structure Plan:

- (a) Are sufficiently contrary to the Waikato RPS as to be declined;
- (b) Are so adverse that the Residential and Business zones proposed do not represent the “most appropriate” planning outcome.

**Scope of statement**

1.5 As a basis for expert conferencing, this statement will:

- (a) Identify what I see as being the key issues for determination in relation to the proposed retail and residential activity;
- (b) Set out my expert opinion on that issues and the reasons for my views (Section 2); and
- (c) Set out my core conclusions (Section 3).

1.6 For clarity, the key issues that I address in this statement are those that I understand are not agreed, based on the section 42A report and / or correspondence or discussions with further submitters

**Expert Witness Code of Conduct**

1.7 I have read the Code of Conduct for Expert Witnesses, contained in the Environment Court Consolidated Practice Note (2014) and I agree to comply with it. I can confirm that the issues addressed in this statement are within my area of expertise and that in preparing my statement I have not omitted to consider material facts known to me that might alter or detract from the opinions expressed.

**2. KEY ISSUES RELEVANT TO THE ECONOMIC EFFECTS OF THE PROPOSED REZONING AND MY OPINION ON THESE ISSUES**

2.1 We have worked with Mr Olliver to identify the key issues that need to be determined in relation to economic effects. In this section is to set out the issue and then my expert opinion in relation to that issues, and the reasons for my opinion.

**Housing capacity**

Issue

2.2 Is there a long term or short term shortfall in housing capacity in this part of the Waikato District?

My opinion and reasons

2.3 In my view, there is a long term shortfall for residential capacity in the Huntly / Ohinewai area for the following reasons:

- (a) Total additional residential demand for Huntly by 2046 is expected to be 1,047 dwellings. This excludes the positive impact the TCG development will have on dwelling demand, which when factored in would potentially push this expected to around 1,700 dwellings.
- (b) By 2046, the additional commercially feasible capacity in Huntly is expected to be approximately 463 dwellings under the high growth scenario.
- (c) This leaves an overall shortage of 585 dwellings in Huntly, excluding the increased demand resulting from TCG development, which would potentially increase Huntly's shortfall to over 1,000 dwellings.
- (d) The Waikato 2070 document<sup>1</sup> plans for an almost doubling of the current population base in the local Huntly / Ohinewai area from 7,000 people to 13,500 people. This would equate to an additional requirement of around 2,200-2,500 dwellings (feasible capacity) to accommodate projected growth

**Residential property pricing**

Issue

2.4 Is there sufficient demand for residential product priced around \$500k and where does that price point sit in the wider market?

My opinion and reasons

2.5 In my view, new homes at this price point is at the lower end of the market and accessible to industrial workers in Ohinewai for the following reasons:

- (a) The vast majority of homes sold in Huntly are priced below the \$500,000 mark with an average of around \$380,000. Ngaruawahia has a higher average house price at around \$460,000. In

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<sup>1</sup> Waikato 2070 Growth and Economic Development Strategy, pg 34.

comparison, Te Kauwhata, which has been recently subject to a new large-scale masterplan housing development (Lakeside), has experienced high growth in the area's average house price and is currently around \$600,000.

- (b) The house prices for the South Auckland market, while not directly relevant to Ohinewai, provides important base context to reasons behind Auckland buyer flows into Waikato District. The higher average price points in South Auckland has fuelled Pokeno's growth in recent years. At present, South Auckland house prices range from just below \$400,000 to over \$1.2 million. While the mode of the dwelling price distribution is closer to that of the Te Kauwhata market, the longer tail towards higher house prices indicates the average price is closer to \$800,000.
- (c) Ohinewai's residential product will be new dwellings which would have a price point at the lower end of the new housing stock in the surrounding areas. It will be both competitive and an attractive proposition for buyers in the market, and is one of the most obtainable price points for new housing stock in the wider area.

### **Potential DFO retail effects on nearby towns**

#### Issue

- 2.6 Will the DFO retail development at Ohinewai have any significant adverse effects on the townships of Huntly or Te Kauwhata?

#### My opinion and reasons

- 2.7 In my view, the DFO has no potential to generate significant adverse effects on any existing retail centre in the market for the following reasons:
- (a) The Te Kauwhata retail centre is located 10 minutes' drive north of Ohinewai, slightly inland to the east from SH1. It has a small convenience provision for its local community. Te Kauwhata contains 12 retail stores employing around 30 employees. Convenience food and beverage store types dominate the centre's retail provision accounting for around 75% of its retail offer. This clearly underlines the centre's convenience role and function.
  - (b) Huntly is focussed on small speciality stores and convenience-oriented store types with no meaningful large format retail offer. The Countdown supermarket is the largest footprint retail store in

the wider centre and services both Huntly and surrounding rural environs. This supermarket will continue to play this role and function once Ohinewai is developed with no food and grocery store over 1,000sqm permitted within the OSP. Food and grocery stores increase to 45% of all Huntly retail store types nominally.

- (c) Huntly is in close proximity to Ohinewai (approximately 5 minutes by car) and would benefit from attracting additional convenience spend generated by the Ohinewai development. Being the primary commercial centre in the Ohinewai / Huntly / Taupiri area (and only supermarket), Ohinewai residents would travel to Huntly on a regular basis for retail and commercial services requirements. This would help to improve the performance, vitality, amenity and vibrancy of the Huntly Town Centre. Any town centre would benefit from an injection of 1,100 homes and 2,000+ new employment hub within 5 minutes of its location to the tune of millions of dollars per year, and Huntly would be no different.

### **Economic effect of Covid-19 Pandemic**

#### Issue

- 2.8 What significance do the likely effects of the pandemic have in terms of the responses to the above questions?

#### My opinion and reasons

- 2.9 The full scale and extent of the economic fallout from the Covid-19 pandemic is yet to be realised; however, there are clear economic indicators that suggest the residential and retail markets are likely to be weaker than the pre-Covid environment. This 'new' environment accentuates the significant opportunity that the Ohinewai proposal represents and its importance to the Waikato market.
- 2.10 The DFO is proposing to sell goods at lower price points than the general market. In the post-Covid market, consumers will likely be more price sensitive and will place greater importance on value, making the DFO proposition a more attractive offer to the market in this new environment.
- 2.11 A similar scenario applies to the residential product. Competitive new house price points relative to the surrounding market for similar new

product are likely to be an increasingly attractive option for many in the market, particularly Ohinewai workers.

### **3. CONCLUSION**

- 3.1 TCG's development provides the opportunity to realise some of this 'projected' growth by generating a significant number of jobs locally and stimulate the local economy. This is a reality the Huntly / Ohinewai area has required for the last few decades. This type and scale of development is the type of stimulus the Huntly / Ohinewai needs to improve the settlement's current economic position and reverse the settlement's recent trajectory of economic decline.

**Tim Heath**

**29 May 2020**